Royal Commission on Renewing and Strengthening Our Place in Canada

Regional and Rural Development Strategies in Canada: The Search For Solutions

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Introduction

The problem of rural and regional disparity in Canada has been a stubborn and persistent one. Since the Second World War, both the federal and provincial governments have struggled with how best to solve the disparity that exists between rural and urban areas as well as that between the various regions of the nation. Since the 1930s, the federal government has recognized the economic and social imbalances within the federation, and has implemented a series of fiscal transfers to ameliorate these differences, though until the late 1950s the problem was never recognized as one of systemic underdevelopment in rural Canada. The first equalization payments from the national government to the provinces were designed to share the wealth of the nation, and only recently have governments come to realize that parts of Canada face serious problems that have contributed to their poor economic performance and lower levels of income. Once this fact became accepted, the search for solutions was on – a search that has continued for more than half a century without any solution being found.

Two observations can be made about the analysis that follows. First, it is clear that there has been a 'herd mentality' in the strategies adopted to foster regional and rural development.[1] Most of the provinces have followed models adopted elsewhere or have simply accepted federal money for rural and regional development without being proactive, creative or courageous to the particular and peculiar challenges and opportunities in their own region or province. The first rural and regional development strategies focussed on increasing productivity in farming and fishing in an attempt to raise incomes and, hence, living standards in such areas. By the mid-1960s, the focus had shifted to encouraging the urban-industrial and manufacturing model in underdeveloped areas. More recently, the emphasis has shifted yet again to the development of local capacity through the 'training' of leaders and improving the social capital to enhance the social capacity of a region so that it can find its own solutions to its own problems. Rural development specialists and policy-makers are now all talking about 'prosperity of place'. We have entered into a era where the rhetoric, at least, argues that communities and local regions know what they want and have their own vision for the future, and it is up to the state to listen, to accept, and to support. This approach, its supporters maintain, will bring the prosperity that has been slipping away from rural Canada for more than half a century. Yet, one must recognize that this approach is just the latest in a long series of strategies to solve the problem of rural Canada, and even this approach – empowering rural citizens to solve their own problems – is being driven by governments and others who reside outside the rural areas.

Second, the development strategies have been largely unsuccessful at creating long-term economic growth and prosperity in rural Canada and throughout the more remote and sparsely populated regions of the country. One can make the case that most of the attempts at rural development and rural revitalization in Canada have been an unmitigated disaster if we were to apply a business model to the various initiatives. For all of the billions of dollars spent on solving the problems of rural Canada over the past 50 years, we have few success stories to tell when it comes to the creation of sustainable economic development. This does not mean, however, that there have been no social benefits from the vast quantities of government expenditures on roads, water and sewer projects and a variety of social services. There clearly have been improvements in services for citizens, and, moreover, the expenditures on various

rural and regional development strategies have helped to sustain many rural areas. Without government spending, rural Canada would be in much worse shape than it is.[2]

Given the lack of economic success with Canada's regional and rural development strategies in the postwar period, one is prompted to ask if the various programs designed to develop certain areas of the country are about more than economic development. This paper argues yes, they are. The various government programs discussed below have more to do with Canadian identity, Canadians' sense of nation and, more recently, with what we are increasingly calling 'social inclusion' than with economic development. In Canada, the sense of nation and identity have been expressed in terms of values such as generosity, in our social programs, and other government activities. The recent debate in Canada on the apparent crisis in the healthcare system has been more about the values we share as Canadians than about the type of healthcare system we want *per se*. The debate over a one or two-tier system of health delivery did not focus on which one was most cost-efficient or most effective in delivering services, but which one best reflected Canadian values. The Romanow Commission's final report, *Building on Values*, argued that Canadians' belief in generosity and sharing must continue to underlie our approach to health.

So, too, with regional development strategies. Even without much success, the initiatives in rural and regional development have persisted because they reflect Canadian values and Canadian generosity. Since the late 1950s, Canadian governments of both political stripes have spent hundreds of billions of dollars in the name of economic development in depressed parts of Canada – and they continue to spend. Of course, this makes good politics for governments seeking to remain in power - and we cannot dismiss this fact – but we must also recognize government expenditure for rural and regional development in terms of the Canadian sense of generosity, in terms of Canadian values, and in terms of the commitment of Canadians through their governments to social inclusion. If we do so, then Canada's vast expenditures on rural and regional development strategies and programs begin to make sense, and helps to explain why they have remained an important part of Canadian public policy over the last half century without having achieved much in the way of economic sustainability and economic growth for the nation's rural and economically depressed regions.

While rural development[3] is often taken to mean the various government policies designed to improve the employment opportunities, income levels and the general standard of living in rural communities, it can also mean the various transportation initiatives and other public services which are provided for the development of all of Canada. It might also include the various social programs which were designed, in some instances, to raise income levels and the standard of living of all Canadians. This paper merely recognizes that the various social welfare programs and transportation (and infrastructure) initiatives at both the federal and provincial levels, for instance, have been used as development tools for rural and urban Canada, but it does not attempt to include these in the analysis that follows, even though some of the national social programmes such as Unemployment Insurance – or Employment Insurance as it is now known – were clearly an attempt to deal with the problems of rural Canada.[4] However, the impact of these programs is not included in this analysis, except to acknowledge that most of the social welfare benefits have served to raise income and living standards throughout all rural Canada. Social insurance and income support programs that are available to all Canadians are not regional development per se, even if they have clear regional impacts. The focus in this paper is on regional policy, not policies with regional impacts such as EI, or equalization or

even exchange-rate policy for that matter. Yet, it must be acknowledged that such policies are important, and any changes to such programs as Employment Insurance will have profound impacts on certain Canadians, particularly those employed in seasonal and resource-based industries, most of which are in rural Canada.

This paper is divided into several parts. First, it will provide an overview of recent social and economic trends in Newfoundland. Second, it will provide a brief history of rural and regional development strategies in Canada. Third, it will examine the recent attempts at rural development in Newfoundland, before it turns to the experience of other jurisdictions with rural development issues. It then offers a conclusion, highlighting some of the trends in rural and regional development. Yet, I should be clear: this paper is primarily a review of the Canadian literature and experience, and it is not intended to be an assessment of the literature and experience specific to Newfoundland and Labrador, though I hope that some understanding of the pan-Canadian experience might prove useful to understanding regional and rural development in this province.

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Economic and Social Trends in Rural Newfoundland

The province of Newfoundland and Labrador is one of the most rural and economically depressed provinces in Canada, though the development of the province's oil and gas reserves made change significantly its economic situtation. As this paper focuses primarily on this province, it is perhaps appropriate to begin with a brief overview of the economic and social trends in rural Newfoundland. The prospects for rural Newfoundland, even by the provincial government's own admission, are stark as it is for most rural areas in Canada. The Economics and Statistics Branch of the Department of Finance released a summary report of its multi-year, interdepartmental investigation into the demographic trends in *Demographic Change: Newfoundland and Labrador Issues and Implications* in April 2002. The report served to confirm what most people in the province already knew – there are several demographic trends that are having a significant impact on the province, namely, the high levels of net out-migration, the rapid aging of the population, and a significant shift in the regional distribution of the population.[5] (see Table 1)

Table 1 - Population by Census Division, 1996-2001

Population Counts, for Census Divisions, Newfoundland and Labrador, 2001 and 1996 Censuses - 100% Data

Region		Population, 2001	Population, 1996	Percent Change	Land area in square kilometres, 2001	Population density per square kilometre, 2001
Canada		30,007,094	28,846,761	4.0	9,012,112.20	3.3
Newfoundland and Labrador		512,930	552,156 [a]	-7.1	370,501.69	1.4
Division No. 1	Avalon Peninsula	242,875	251,523	-3.4	9,218.43	26.3
Division No. 2	Burin Peninsula	24,371	27,723	-12.1	6,099.04	4.0
Division No. 3	South Coast	19,370	22,459	-13.8	19,897.97	1.0
Division No. 4	St. George's	22,162	24,824	-10.7	7,087.70	3.1
Division No. 5	Humber District	40,466	44,319	-8.7	10,365.63	3.9
Division No. 6	Central Newfoundland	36,208	39,118	-7.4	16,237.11	2.2
Division No. 7	Bonavista/Trinity	37,335	41,534	-10.1	9,680.21	3.9
Division No. 8	Notre Dame Bay	42,188	48,247	-12.6	9,315.44	4.5
Division No. 9	Northern Peninsula	20,091	22,855	-12.1	13,526.85	1.5
Division No. 10	Labrador	27,864	29,554 [a]	-5.7	269,073.30	0.1

After decades of slight annual increases in the population of Newfoundland and Labrador, the province entered, in 1994, a period of continuous population decline. Today, it has the lowest birth rate of any province at 1.3 children per child-bearing age woman on average,[6] and the highest rates of net out-migration. With the declining birth rate and the out-migration of younger people, the population aged considerably over the latter part of the 1990s. In 1971, the province's median age was five years lower than the Canadian average, but in 2001 it was

slightly higher than the Canadian average. The Department of Finance study does not expect those out-migration numbers to reverse themselves until 2010 (see Table 2).

The rural areas of the province have been more adversely affected than the urban areas with these demographic changes. With the decline of the fishery in the early 1990s, the regions of the province most dependent on the ground fishery experienced the largest population losses. With the continued out-migration of youth from the rural areas for education or employment opportunities, together with the low fertility rates, it is clear that not only will there be fewer people in the rural areas but that they will also be older. Some of the regions of the province have suffered such a population decline that some have questioned whether or not many rural communities are sustainable.[7] Several regions of the province have seen their populations decline by more than 20 per cent between 1991 and 2001, and even some government officials have come to realize that some areas of the province are losing any economies of scale for the provision of government services that had been achieved; that some regional health facilities may be placed in jeopardy; that enrolment in some rural schools has decreased by as much as 40 to 60 per cent (and with further consolidation difficult because of the distances between communities), it might be necessary to return to multi-grade classrooms and even then the support for special needs students and the ability of schools to offer the programs needed for graduation will be threatened; that the impact of out-migration of young workers with the skills and education needed by businesses might adversely affect future economic development; and that some municipalities might not be able to survive the changing demographics.

Table 2 - Population by Age Group, Newfoundland and Labrador, 1987-2002

Age Group	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Both Sexes	**575,135**	**574,994**	**576,412**	**578,064**	**579,525**	**580,162**	**580,195**	**574,828**	**567,954**	**560,584**	**554,076**	**545,300**	**540,895**	**537,877**	**533,816**	**531,595**
0-4	41,832	40,369	39,083	38,517	37,672	37,018	36,251	34,865	32,781	30,920	29,488	28,193	27,233	26,656	25,822	25,290
5-9	46,930	45,986	45,165	44,205	43,128	41,866	40,458	38,930	37,936	36,710	35,257	33,715	32,363	30,596	29,275	28,403
10-14	54,119	52,472	50,918	49,290	47,611	46,803	46,132	45,037	43,720	42,349	40,558	38,738	37,279	36,401	35,285	34,367
15-19	57,601	56,621	55,961	55,482	54,690	52,746	51,002	49,286	47,748	46,011	44,523	42,956	41,965	40,877	39,837	38,470
20-24	52,946	52,210	51,573	50,407	50,537	50,738	50,307	48,614	46,479	44,414	42,914	40,810	39,704	38,697	37,530	36,730
25-29	49,294	49,232	49,394	49,676	49,308	48,767	48,111	46,390	44,309	42,186	40,573	38,878	37,745	37,015	36,264	35,509
30-34	48,633	48,687	48,680	48,767	48,870	48,827	48,741	48,016	47,163	45,872	44,562	42,590	40,870	39,488	38,209	37,480
35-39	44,818	45,616	46,590	47,387	47,788	48,072	48,329	47,881	47,366	47,007	46,436	45,649	45,188	44,751	43,783	43,012
40-44	36,426	38,335	40,247	42,353	43,446	44,280	45,180	45,724	46,033	46,039	46,086	45,818	45,625	45,530	45,458	45,302
45-49	26,577	27,920	29,239	30,633	33,220	35,663	37,642	39,457	41,243	42,022	42,750	43,291	44,029	44,608	44,731	44,949
50-54	23,094	23,292	23,941	24,525	25,146	25,993	27,185	28,321	29,493	31,943	34,156	35,927	37,706	39,586	40,486	41,216
55-59	21,525	21,814	21,914	21,966	22,001	22,231	22,568	23,138	23,633	24,088	24,821	25,954	27,103	28,211	30,465	32,695
60-64	19,682	19,745	19,979	20,378	20,345	20,399	20,734	20,894	20,972	21,013	21,171	21,370	21,937	22,534	23,019	23,785
65-69	18,328	18,455	18,315	17,775	18,166	18,142	18,150	18,340	18,655	18,639	18,664	18,937	19,090	19,205	19,270	19,461
70-74	14,441	14,527	14,699	15,187	15,443	15,918	16,084	15,925	15,494	15,819	15,829	15,798	16,017	16,340	16,304	16,290
75-79	9,731	10,270	10,886	11,264	11,405	11,461	11,549	11,676	12,093	12,382	12,813	12,911	12,855	12,511	12,806	12,864
80-84	5,186	5,356	5,673	6,003	6,472	6,823	7,214	7,638	7,882	7,919	7,945	8,024	8,154	8,559	8,782	9,098
85-89	2,664	2,730	2,780	2,881	2,798	2,895	2,989	3,162	3,425	3,731	3,930	4,091	4,303	4,462	4,510	4,569
90+	1,308	1,357	1,375	1,368	1,479	1,520	1,569	1,534	1,529	1,520	1,600	1,650	1,729	1,850	1,980	2,105

Source: Statistics Canada, Demography Division;

Economics and Statistics Branch, Newfoundland Statistics Agency *October 2002*

It is cold comfort for the provincial government that the net out-migration has slowed, as its own analysis suggests that the population will continue to age and the regional shifts toward urbanization will probably continue, though at a slower rate than in the past decade. These trends will pose significant challenges to the provincial government over the next decades in the provision of healthcare, education, social services, transportation networks, and the viability of certain municipalities. Moreover, it will also have an impact on economic growth. The situation in much of rural Newfoundland is critical. The problems are immense and the outlook bleak, and all this in a province where regional and rural development strategies have a long history, dating back to the 1930s at least.

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Brief History of Rural Development in Canada

In the first decade following the Second World War, the Liberal governments under Prime Ministers Mackenzie King and Louis St. Laurent presided over a relatively buoyant economy. The manufacturing/industrial sector grew rapidly as did the resource sectors. The economy was nurtured along by the broad Keynesian fiscal and monetary policies designed to generate a high level of employment. The government ushered in the 'redistributive state' which included equalization payments to the provinces and a series of personal transfer payments such as Old Age Pensions, Unemployment Insurance, and Family Allowances to individuals and families.[8] They never thought much about regional disparity, even though the benefits were not shared equally, particularly in the areas where agriculture and fishing predominated. Even though governments had, in some instances, the capacity and the willingness to play a greater role in the economy and the society, there was still a reluctance to become involved everywhere, and there was no clear recognition in the government that there were serious structural problems with much of rural Canada. Even so, the early federal attempts to deal with specific problems in particular sectors might be considered an early form of rural and regional development. Because much of the economic distress in agriculture and the fishery seemed to revolve around fluctuations in commodity prices, Ottawa believed that its initiatives such as the Agricultural Marketing Act of 1949, for instance, could fix the problem. It was assumed by policy makers that by stabilizing markets and prices, rural incomes could be increased and farming communities sustained and regional disparity reduced. Together with other government initiatives to improve productivity and increase production of farmers and fishermen, the belief was that farming and fishing communities would do just fine, and any displaced worker from the increased use of technology in those sectors would find employment in other areas of the economy. The state planners would continue to provide the right fiscal and monetary conditions for growth and prosperity, and transfer payments to individuals would assist in raising living standards.

In the late 1950s and early 1960s, any concern with rural and regional disparity may have seemed strange to many Canadians, as everyone seemed to agree that prosperity and economic growth were a hallmark of the postwar period. There were no policies designated as regional development policies. Yet, when the Royal Commission on Canada's Economic Prospects (the Gordon Commission) reported in 1957, it noted that while all regions of Canada had shared in the economic growth of the country since the late 1930s, the growth had not been shared equitably. The Royal Commission paid particular attention to the problems faced by the Atlantic Region where both incomes and standards of living were far below the national averages. The Report noted the prevalence of subsistence farming, fishing and logging, and suggested that the long-term solution was for more capital investment in the rural and fishing communities, with the displaced workers migrating to jobs and higher wages in Central and Western Canada.[9] Walter Gordon also noted that the living standards and incomes would have been lower still in the depressed areas except for the social welfare policies. In fact, he argued that for much of Atlantic Canada, the transfer payments from Ottawa had played a much more significant role in increasing personal income per capita than had been the case elsewhere in Canada: such transfers accounted for nearly one-quarter of the rise in personal income per capita in the three Maritime provinces since 1926, even though the increase in earned income

per capita in the Atlantic region had been the lowest of any region in Canada. He attributed the lag to the low rate of new capital investment in the Atlantic region.[10]

Some of the provinces had already recognized the existence of rural poverty and attempted to find solutions. Such recognition also ushered in an era of the provinces playing an active role in industrial development (that remains alive and well to this day). It may have begun in Nova Scotia. When Robert L. Stanfield was elected Premier in 1956, he recognized that rural communities with their small farms and inshore fisheries (and other resource-based communities with low productivity and antiquated equipment) were struggling to survive, and one of his solutions was to lend government funds to entrepreneurs to establish local industries to create employment. Throughout the late 1950s and early 1960s, the Nova Scotia government helped to establish small textile, hardboard, and fish-processing plants with mixed success.[11] In fact, many of the poor and depressed provinces in the 1950s created lending agencies such as the New Brunswick Development Corporation, Manitoba Development Fund, Nova Scotia's Industrial Estates Limited and Newfoundland's Newfoundland and Labrador Corporation, each endowed with the power to borrow large sums of money for assistance programs. Millions of dollars of capital were spent – and are still being spent by federal and provincial governments – to persuade entrepreneurs, from major international corporations to shady promoters, to build large industrial plants in places where they would not normally locate. It is easy to find examples of governments offering financial incentives to attract industry – Nova Scotia spent millions trying to lure Clairtone, a high-tech electronics firm, from Ontario to Nova Scotia; Prince Edward Island enticed a money-losing shipyard in New Brunswick to relocate to PEI with provincial government money, and lose more money; Nova Scotia also spent millions to produce unsuccessfully heavy water for Canada's nuclear industry; the Manitoba government offered an American firm millions to build a pulp and paper mill at The Pas which turned out to be a failure. New Brunswick failed to make the Bricklin car company profitable after it failed in California. Nevertheless, with $50 million, Nova Scotia attracted the Michelin tire plant and it proved to be a great success, offering a steady supply of good jobs in a new industry. The Churchill Falls hydroelectric development project was another success, though Quebec continues to reap most of the benefits. And, of course, direct incentives to industries is not simply something of the past: in the early 1990s Premier David Peterson of Ontario spend millions with his IDEA programme to bring high-tech jobs to Ontario; Prime Minister Jean Chrétien continues to offer millions to companies such as General Motors, Toyota, Bombardier and others to invest in Canada; former Premier Frank Mckenna offered millions to businesses to relocate to New Brunswick; and Saskatchewan Premier Lorne Calvert gave an American firm more than $20 million in October 2002 to build an ethanol plant in his province.

With the rise of John Diefenbaker, a champion of rural Canada, to the leadership of the Progressive Conservative Party, regional and rural disparity became important issues as the Party promised to deal with the problems of the less prosperous regions of the country. During the electoral contests of 1957 and 1958, the Conservative Party invited all Canadians to share in their 'vision of the north' and their 'roads to resources.' The Diefenbaker government in 1957 made the reduction of regional differences and the growth of the regional economies important policy issues. He realized that he could not rely on the tax arrangements which came into effect after the war and were firmly established by 1957, nor the existing federal equalization program to achieve a national standard in public services. Moreover, the equalization formula did not provide sufficient financial resources for the'have-not' provinces to implement policies

that might have allowed them to integrate their economies more successfully into the national economy, or to implement policies aimed at stimulating local economic development.[12]

With Diefenbaker, it had become clear that a change in policy focus was necessary. In an earlier period, Mackenzie King had pushed Maritime grievances[13] into the lap of a Royal Commission. During the late 1950s, however, Ottawa was prepared to intervene directly to stimulate growth in the depressed regions of the nation. In his first months in office Diefenbaker implemented a make-work project (Winter Works programmes in 1958-59 and 1959-60) as well as a short-term measure to deal with regional unemployment, and provided a $25 million annual adjustment grant to the Maritime provinces, though these were for general revenue purposes, and were not intended to promote economic development as such.[14] But that would not be enough, and Diefenbaker was well aware of this fact. After all, he had capitalized on the regional economic grievances in getting elected, and he embarked on a series of policies to deal with the problem of regional and rural disparity. He realized that structural changes were necessary in the economically depressed areas to improve the skills of the labour force, provide solutions to the problems of declining industries, and create an infrastructure conducive to industrial growth.

The Pearson government continued to build upon Diefenbaker's beginnings after the Liberals won the 1963 election. The period saw the emergence of the development specialist and economic planner who believed that development was a science, and using the proper scientific approach they could solve the problems of rural Canada with their latest theories. Within 10 years, Ottawa had moved in a very dramatic fashion away from its cautious, conservative, and frugal approach to economic policy to a preoccupation with slow-growth regions.[15] It stacked one development initiative upon another in the belief that these would solve the country's substantial regional disparities. By the late 1960s, it became equally clear that the massive regional development programs were largely unrelated. Each new initiative was designed to address a specific problem of economic development, and much of the planning was carried out largely independently by separate federal departments. Consequently, each program tended to have a different objective, and was attached to a different agency, which meant that overall co-ordination of the various programs was impossible. Moreover, there was also a problem with co-ordination at the federal-provincial level. With any one province, for instance, the federal government could have several unrelated development plans. There was a need for a new institution to bring order and a central purpose to the various agencies and existing regional programs. After more than a decade of that particular approach, the focus turned to the rural communities themselves to find solutions to their own problems. Let us turn briefly to see how this all played out in Atlantic Canada.

The late 1950s witnessed the first of what would be a litany of government strategies and agencies to deal with rural and regional development. Fulfilling a promise he had made in Moncton in 1957, Diefenbaker introduced the Atlantic Province Adjustment Grants, a payment in addition to the regular equalization payments, that provided large capital grants for hydroelectric development and other capital projects. Such initiatives provided jobs and income for local communities, but rarely provided long-term solutions to the economic problems that confronted rural communities.[16] Alvin Hamilton, the Minister of agriculture, introduced in 1961 the Agricultural Rehabilitation and Rural Development Act[17] (ARDA), the first explicit policy to create a national program for rural development, though it built on the Prairie Farm Rehabilitation Act of 1935 that had helped to lessen the effects of the Great Depression on

farmers. ARDA was designed to raise farm incomes and make farm land more productive, and although the Minister was empowered to develop agreements with the provinces to accomplish his objectives, the program lacked a clear focus, and had a modest impact. It failed to bring fundamental changes to the rural economy, and there was little co-ordination between the provincial and federal levels of government or between the rural and urban areas. Of the 729 ARDA projects (with a value of $61 million) initiated by 1965, there was little to 'suggest that they were seen as part of a comprehensive development program.'[18] And, the problem of rural poverty was a stubborn one. In many rural areas, profitability in agriculture had come to mean large, mechanized farms; it was a futile exercise to try and rehabilitate the family farm. Farm improvements and efforts to stimulate tourism could increase rural incomes marginally, but a long-range solution had to involve more fundamental changes in the rural economy.[19]

Other programs followed in rapid succession, and most were reportedly aimed at creating a regional economic strategy for Atlantic Canada. In implementing the recommendations contained in the Gordon Report, Ottawa created the first regional economic strategy for the Atlantic region with the creation of the Atlantic Development Board in 1962. Staffed by individuals from several federal departments, it was expected to develop, in conjunction with the provincial governments, a regional development strategy through the Atlantic Development Fund of $186 million to develop and improve the region's basic economic infrastructure. Over half the Fund was spent on highway construction and water and sewage systems, though some was used for electrical generating and transmission facilities and to service new industrial parks at various locations throughout the region. The ADB was never able to bring the provinces and Ottawa together to create and implement a comprehensive plan gearing expenditures towards specific targets, and it failed to deliver a comprehensive regional development plan for the Atlantic provinces. Moreover, some of its critics charged that it simply became a political tool of powerful Liberal cabinet ministers when they returned to office in 1963. It was dissolved in 1969.

When the Liberals were returned to office in 1963, they expanded on ARDA, shifting its focus from largely individual and unrelated agricultural assistance projects to a more systematic and co-ordinated regional development strategy. In 1966 the program was renamed the Agricultural and Rural Development Act, and expanded to include non-agricultural programs in rural areas, designed to absorb surplus labour from farming. Also, in 1966, under the Act, a Fund for Rural Economic Development (FRED) of $50 million was established to be applied only in areas with widespread low incomes and major problems of economic adjustment. These areas were so lacking in social capital, education, and wealth that the federal government decided that the regular ARDA grants would have virtually no impact. Five regions were identified under FRED: Gaspé Peninsula in Quebec, two regions in New Brunswick, all of PEI, and parts of northern Manitoba. Separate and comprehensive development plans were developed for each of the regions to invest in infrastructure and industry.

The revised ARDA and FRED marked a shift in emphasis from land improvement towards the building of more effective social and economic infrastructures in depressed areas and towards training for employment in non-primary industry.[20] In 1963 the federal Liberal government also introduced the Areas Development Authority and the Areas Development Incentives Act, providing for the encouragement of 'industrial development in areas of chronic unemployment on a planned basis' by providing for both tax relief incentive and cash grants to industry. Such designations were sometimes made on the basis of the most inadequate

statistics, and incentives were given to industry without any effective attempt to specify what objectives were being pursued. The central purpose behind these initiatives was to turn to the private sector to stimulate growth in economically depressed regions, using the growth-pole model that was focussed first on urban areas and assumed that economic prosperity would spread from the centre to the periphery of a region.[21] This was the period of the social service state in Canada when governments expanded at a rapid rate. Government transfers to individuals increased by 400 per cent between 1965-75, and made a remarkable difference to individual citizens, and the expenditures to deal with rural development came to be seen as another centralized 'social' program.[22] The federal transfers directed at 'person equity' rather than 'place equity' were making a considerable impact, but the rural and regional development strategies remained poorly developed and largely ineffective.[23]

In Ottawa's continued search for solutions, its approach to integrated planning was to reach its pinnacle with the creation of the Department of Regional Economic Expansion (DREE) in 1969 under one of the most powerful Ministers in the federal cabinet, Jean Marchand. He had the responsibility for co-ordinating the various federal programs in regional economic development.[24] The creation of DREE represented a move away from the ad hoc and incrementalist approach to development to the more co-ordinated policies which was a reflection of the increasing disposition towards rationality in public policy in Ottawa, as well as a move by Ottawa towards more precise and comprehensive formulations of federal objectives and more effective controls to ensure that federal monies spent for regional development met these objectives.[25]

DREE embraced a two-pronged approach to rural and regional development. The first was an industrial incentive program, providing capital assistance to encourage companies to locate in 'less-favoured' areas of the country in hope of redressing regional economic disparities. This assistance was available in all Canada except British Columbia, Alberta and that part of Ontario south of the Ottawa River. The second focussed on the 'special areas' of Canada where the government found that neither infrastructure nor social facilities and services were available. For these areas, DREE provided a comprehensive program that included the development of educational training facilities, industrial parks, the construction of housing, the provision of a range of social and health services, and the creation of jobs, either in services or manufacturing. Both types of initiatives were funded and administered as federal-provincial partnerships, but Ottawa provided much of the money for these initiatives. However, there was considerable criticism that the regional development programs were too much under central control and that the provinces should have been given greater autonomy over the design and implementation of DREE-funded projects. In 1974, Ottawa attempted to address this criticism and moved toward a more decentralized approach through the establishment of General Development Agreements with all the provinces except Prince Edward Island. These were comprehensive agreements to stimulate economic growth in depressed areas, and involved not only DREE and the provinces, but other federal departments as well. The change did not transfer responsibility for planning to local people, but merely made provincial planners partners with federal ones. DREE also shifted its attention from rural development towards regional urban industrial development and moved to more project-based funding. The philosophy underlying this shift was based on the then-dominant international development theory that believed if industry could be established in particular cities, they would become growth-poles for the region by creating and sustaining

a series of linkages into the region.[26] This clearly did not have the impact that its planners had hoped.

Were these regional development strategies effective? There is no easy answer. Some have argued that the federal government of Pierre Trudeau focussed its attention on regional disparity in Quebec and Atlantic Canada after 1968 in an attempt to keep the nation united.[27] Of course, the problem of regional disparity was not solved, but the various personal transfers and social programs from government allowed the people of the disadvantaged regions to improve their standard of living.[28] The various development strategies also helped to increase incomes. Some, such as Queen's University economist Thomas Courchene, have argued that such development programs and transfer payments, in general, had prevented the necessary economic adjustment that is needed to make the regions economically independent; he argues that Ottawa's attempts have only increased the problems of underdevelopment.[29] Looking at northeastern New Brunswick in 1989, Donald Savoie concluded that although the various programs resulted in better infrastructure, higher income, and greater numbers employed throughout the region, 20 years of economic planning have resulted in limited success. It was essentially a top-down approach and, as such, it ignored the local communities, their culture, and their views. He concluded that the planners simply refused to look beyond the model of development that had brought success to the industrial heartland of Canada.[30] There was very little understanding or sympathy for the 'rurality' that the policy makers discovered in the economically depressed regions of Canada.

In 1982, DREE was transferred to the Department of Trade and Commerce with the creation of the Department of Regional Industrial Expansion (DRIE) to wind down many of the earlier initiatives undertaken by its predecessor. The Ministry of State for Economic and Regional Development was designed to co-ordinate federal action to encourage and foster regional and rural development, an approach that made all departments of government responsible for regional development. Of course, the demise of the highly touted DREE and the assault on the deficit in the 1980s did not mean the end of federal attempts to solve the problems of rural Canada. The Government of Prime Minister Brian Mulroney, elected in 1984, gave responsibility for regional development to two new agencies which continue to function in Atlantic Canada and the West, the Atlantic Canada Opportunities Agency, which some critics derided as "just another shuffle of the ancient cards of regional inequality," and Western Economic Diversification Canada (1987). Ottawa's growing deficit soon forced it to reduce the agency's funding, but both ACOA and WED exist primarily to support promising entrepreneurship, innovation, and technological development in the regions.

In 1986, the Department of Employment and Immigration Canada became involved with rural economic development through its Community Futures initiative. It was largely a job-creation and economic development program that encouraged local volunteers to work with Community Futures Consultants to promote economic development in their towns and regions. At the national level, the pan-Canadian network of Community Futures programs continues to help communities grow through business development and support, though the program operates on a regional level through involvement from various federal agencies. Every Community Business Development Corporation (CBDC) effort, whether at the local, provincial, Atlantic, or national level, has one purpose – economic development at the local and regional level. With the aid of its funding partner, the Atlantic Canada Opportunities Agency, the Community Business Development Corporations of Newfoundland and Labrador

(CBDCs) are a network of independent not-for-profit corporations which have as their mandate, the development of small business throughout rural Newfoundland and Labrador. The 15 corporations are part of the Community Futures network of the 250 CBDCs across Canada, that work in partnership with all levels of government to ensure that the financing and advisory needs of small and medium-size businesses are met to the greatest extent possible.[31] In 2001, CBDCs in Atlantic Canada invested $29,720,208 in small business loans into the rural economy, and created a total of 2,626 jobs. Counselling and other business support were provided to clients and small business owners. However, the funds must also be found within rural Canada to finance rural activities. In Newfoundland, the various credit unions should be expected to play a larger role investing in the local economy.

The Canadian Rural Partnership, now in its fifth year, is the most recent attempt by Ottawa to support rural development. Like most provincial governments, the federal government is now committed to the belief that the key to the long-term success and viability of rural Canada lies in its communities. A successful community, the federal government tells its rural citizens, attracts, develops and retains people which is essential in building the capacity of rural communities. A successful community, the rhetoric goes, is healthy and socially, culturally and economically vibrant, and one that deals with environmental issues in a responsible manner. Ottawa now claims it places considerable emphasis on listening to Canadians, and its promotional literature claims that it has learned how to support the fundamental elements that build successful communities. Since the Partnership was launched, the government's stated objective was to reconnect itself with rural Canadians, and to strengthen the economic and social foundations of rural areas. Its goal has been to promote greater consideration of rural issues and concerns in the design and delivery of federal policies and programs. It encourages federal departments and agencies to scrutinize their policies and programs through the eyes of Canadians living in rural and remote areas, or through the 'Rural Lens' as the government calls it. The Rural Lens, developed through a Rural Dialogue between the federal government and rural and remote Canadians, is supposed to ensure that new programs, services and policies are appropriate for rural Canadians. Consequently, when considering future initiatives, decision-makers are supposed to make a concerted effort to understand the impact of new policies and programs on rural Canada.

Although the government has to report annually to Parliament on its progress in meeting rural and remote Canadians' needs and priorities, there is no clear evidence that the initiative will make a great difference. Sure, the federal government continues to re-affirm its commitment to rural Canadians, as it did in the October 2002 Throne Speech. The Honourable Andy Mitchell (Rural Development and Federal Economic Development Initiative for Northern Ontario) said the Speech from the Throne includes strategic investments to ensure a better future for rural and remote Canadians. "Our goal is to build a viable rural Canada," said Mr. Mitchell. "Dynamic communities are vital to our well-being and they make rural Canada a great place to work, live and raise a family. If we are to have a successful nation, it is absolutely critical that both of its component parts – both urban and rural – are strong."[32] The success of the Partnership has been emphasised at two National Rural Conferences organized by the Canadian Rural Partnership in each of the past two years. There have been some successes such as the Kuh-ke-nah Network (K-NET) of Smart First Nations Aboriginal Demonstration Project that is helping people in remote communities receive attention from healthcare professionals through computer video conferencing – without having to leave their community. This has been made

possible through Industry Canada's Smart Communities program, involving five First Nations in northern Ontario, and with funding from the Federal Economic Development Initiative for Northern Ontario (FedNor), Industry Canada, Indian and Northern Affairs Canada (INAC), and Health Canada. Other initiatives have been directed towards problems of drug abuse in rural Canada. Some of the triumphs heralded by Lyle Vanclief, the Minister responsible for Coordinating Rural Affairs, such as the development of Community-Run Wharves along the Saint John River are of dubious long-term value. Still, when the Canadian Rural Partnership can bring together 500 people for the National Rural Conference as it did in Prince Edward Island in April 2002, it is an indication of the number of people that the federal government has attracted to its mission. Yet, the information available thus far on the initiative comes largely from federal sources and is quite congratulatory. This is not surprising given that the funding initiatives are generally announced by local Liberal Members of Parliament or regional Ministers.

To conclude this section, it is relatively safe to say that there has never been in Canada a coherent well-articulated policy for the development of rural Canada. I suppose one could make the claim that the system of revenue transfers to the provinces following the Report of the Rowell-Sirois Commission in 1940 was one of the first attempts by Ottawa to deal with regional disparity. There followed a succession of programs, agencies and funds in the postwar generation to deal with something everyone considered a form of development strategy for rural and economically depressed regions. However, the programs were haphazard at best and seemed to follow a particular model of development that often did not consider the difficulties facing the rural areas. Yet, these programs increased the standard of living of thousands of people even if they did not invest in the social capital of rural areas and did not come anywhere close to solving the problem of rural Canada or of fostering the development of rural Canada.

Recent Development Policy Approaches in Newfoundland

At the same time that Ottawa was pursuing its strategies to deal with rural and regional disparity across the nation, the provinces were developing parallel and overlapping rural and regional development initiatives. Newfoundland, for example, one of the most rural and economically depressed provinces in Canada, have also been one province that has been the focus of regional and rural development strategies, dating back, at least, to the 1930s when it was governed by the Commission of Government. When it joined Canada in 1949, it was the poorest province, and remains so today. In fact, in recent years its population has declined remarkably in the rural areas as the province has lost population each year since 1994, and the outlook is bleak for most rural areas of the province. The post-1949 period saw a concerted effort at economic development under the stewardship of Premier Joseph R. Smallwood. The first attempt focussed on small-scale manufacturing, and the second (by the 1960s) attempted to blend manufacturing with large resource-based megaprojects. By the late 1960s, when a number of communities in rural Newfoundland became disillusioned with the government's approach, citizens organized at the grass roots level to find solutions to their own economic problems. This resulted in the emergence of the province's regional development associations, first in the northern regions of the province, but it eventually spread throughout the whole province. Some of these initiatives resulted in the establishment of fisheries co-operatives such as that on Fogo Island. Over time, however, the regional development associations became vehicles for local communities to lobby government for short-term projects to allow citizens to qualify for Employment Insurance. From 1978 to 1994, the federal and provincial governments signed three five-year agreements to provide support to these initiatives which often led to job creations programs. As Doug House has argued, "despite their good intentions and best efforts the RDAs [Regional Development Associations] found themselves caught up as dependents in a process of patronage politics and patronage administration."[33] Even the resettlement program which has been criticised in many quarters,[34] succeeded in improving the social capital throughout the province as it brought much improved amenities and educational opportunities to many of the people who moved to larger communities. In 1980, the Economic Council of Canada recommended in its report, *Newfoundland: From Dependency to Self-Reliance*, that the provincial government "adopt a strategy ... that aims to provide services and employment opportunities on major peninsulas, so that rural people can participate in the market economy without giving up their homes and moving their families."[35] This 'Bays to Peninsulas'strategy is akin to what has happened elsewhere: as societies develop, urbanization occurs on a wide scale, a process that has been occurring in Newfoundland and Labrador for more than a century, and it should not surprise anyone that the process will continue as more opportunities for employment occur in the larger urban centres.

One striking feature of the approach to rural and regional development within Newfoundland and Labrador since the 1980s has been the number of major government-sponsored studies of the problem. Premier Brian Peckford appointed a Royal Commission on Employment and Unemployment in 1985 which called for an integrated strategy for social and economic development and employment creation. After the Conservatives were defeated

by the Liberal Party, Premier Clyde Wells appointed Professor Doug House, a sociologist at Memorial University who had been Chair of the Royal Commission, as the Chair of the Economic Recovery Commission (ERC) in June 1989 to foster the economic development of the province. In 1990, Premier Wells asked a group of his senior officials to draft a strategic economic plan for the province. In June 1992, the group released its report, *Change and Continuity: A Strategic Economic Plan for Newfoundland and Labrador*. Two years later, in March 1994, the provincial and federal governments jointly appointed another group, this time a Task Force on Community Economic Development to work on the model of community-based partnership. Doug House was appointed co-Chair.

Equally striking is how similar the recommendations of each study have been, giving credence to my earlier claim of the prevalence of a 'herd-mentality' at various times in rural and regional development strategies. Together, the reports recommended an integrated approach to rural and regional development, having the various agencies and departments of government working together to achieve common objectives. In such an approach, the educational system would teach young people about provincial and regional development and entrepreneurship, the government policies for the inshore fisheries should complement local initiatives for employment creation, the income security system should encourage people to work, and labour relations should allow for both job security and high productivity. All of them recognized the need for planning and training; economic diversification; promotion of entrepreneurship; establishment of regional economic boards; and sustainable community development. Following the lead of the first two reports, the 1994 Task Force recommended in its report, *Community Matters: The New Regional Economic Development*, that the "local people themselves should play the lead role in their own region's economic development," though government would play a strong "supportive role." The federal and provincial governments subsequently endorsed the approach set out in the report of the Task Force.[36] Yet, all of the report as well as the Economic Recovery Commission maintained that the private sector had to be the "main engine of economic development, with government playing a supportive and facilitative role."[37] This was a view not unlike that of many of the earlier initiatives at both the federal and provincial levels.

The current trend is towards 'place-based development.'[38] Simply put, this means that rural policy must focus on a particular place. Any strategy to revive rural areas must begin with the assets, aspirations, and challenges of the place to be developed. This approach insists that the policy or set of policies for development must be driven by the citizens, institutions, and government of that particular place. Moreover, in this strategy the policies must be holistic and comprehensive, focussing on the social, cultural and environmental well-being of the place as well as the economy. At one point, it was the belief of rural development specialists that the various levels of government must provide the environment to attract industry to rural areas, the emphasis has shifted in this new 'place-based' approach. Now, the belief is that the federal and provincial governments must provide an environment in which local development initiatives can take place.

The 'new' approach to rural and regional economic development coming out of all the various studies recommended that the province be divided into (eventually) 20 zones with a regional board for each. The provincial and federal governments accepted this approach. Subsequently, board members were chosen by their community and not appointed by governments. These community-based volunteer boards now support economic development

planning and coordination within 20 economic zones in the province. Consisting of representatives of municipalities, business, labour, community development groups, education and training institutions as well as other interests in the zone, the boards reflect a diverse cross-section of the region. This ensures that the strengths of all aspects of the local economy are represented. Each Regional Economic Development Board (REDB) had to negotiate a Phase 1 Performance Contract with the Canada/Newfoundland Strategic Regional Diversification Cooperation Agreement (SRDA) Management Committee which would provide funding for the initiative. Once the zonal board was in place, it was given one year to develop a strategic economic plan that would integrate existing plans and initiatives, and not have to start from scratch. Each board would then negotiate Phase 2 of the Performance Contract with the SRDA Management Committee, which would give the boards a five year contract to implement the strategic economic plan for the zone, with annual assessments reviewing the progress of the boards and governments in fulfilling their respective commitments. Together, those strategic plans would give government, for the first time, a clear reference point to determine the vision, goals and objectives of the whole province. What would result, the government hoped, would be a provincial vision and plan, but one informed by the strategic strengths and opportunities identified in every region of the province. Some of the regional boards included the youth as board members. A three-year $81.25 million Canada-Newfoundland Agreement for the Economic Development Component of the Canadian Fisheries Adjustment and Restructuring Initiative (EDC) was signed on August 16, 1999 to make the plan work. The agreement was designed to build upon the strategic plans and priorities of the regional economic development boards to improve the long-term economic climate in regions impacted by the downturn of the groundfish industry.

There were several obstacles to this approach to rural development, not least among them was that it was very difficult to mobilize people in support of the process. The fisheries crisis and the various programs to deal with the moratorium (including the The Atlantic Groundfish Strategy, TAGS) fragmented many rural communities. Professor House has acknowledged that for the new regional development strategy to function properly in Newfoundland, it would have required 'a concerted effort at public education about the new approach and at mobilizing greater community involvement.'[39] Such education takes time, and the educational system must be willing to accept this role for it. There is little indication that this has occurred. Moreover, many of the people who had been involved in the regional development network in the province had been discredited in many ways by Professor House and in the various government reports. Since the early 1970s, there had been a movement towards locally-based economic development initiatives in the form of regional development associations, but House maintains that those associations, like the people themselves, had become too reliant on government programs. While this might have been the case (and, I suspect it was, it is beyond the scope of this paper to make an assessment of the regional development associations), the criticism called into question the success and integrity of the people who had strived at the community level for years. Not surprisingly, the rural-development movement opposed the ERC and its Chair, Dr. House, who some described as a false prophet and one who wanted to impose his ideas on the people. Still, the Economic Recovery Commission, together with the federal government through ACOA, continued to believe that the best strategy for the long-term economic development of the province was to rely mainly on people at the local level in all regions of the province taking more control themselves over their economic destinies.

The Economic Recovery Commission was shut down after Brian Tobin became Premier on 17 January 1996,[40] however, the regional boards continue to be seen as essential to the long-term sustainability of the province.

The provincial government continues to place considerable emphasis on two strategies that have been used for more than three decades to revive rural Newfoundland. First, as with the federal government, the Government of Newfoundland and Labrador has placed considerable hope in having all departments of government consider rural renewal as part of their mandate. In this integrated or horizontal approach to policy-making – which Ottawa promoted in the 1960s – all government departments and programs are to support the development of strategic economic plans and partner with zones in implementing their plans. The only difference is the performance contracts. Moreover, all departments would coordinate their programs and services to ensure there was no overlap or duplication, and achieve a more effective approach to economic development. When Premier Tobin named his first Cabinet, he appointed Judy Foote as Minister of Development and Rural Renewal. Moreover, she was appointed to serve on the Planning and Priorities Committee of Cabinet, the Economic Policy Committee and Treasury Board. Premier Tobin also created a Cabinet Committee on Rural Revitalization. Minister Foote said that, "The Cabinet Committee on Rural Revitalization will ensure also that Cabinet decisions consider the implications of all policies on rural areas. Our government has committed all departments and agencies to review their activities and programs to determine how best to support the development and implementation of strategic economic plans in the zones."[41] The government provided support on a regional basis, when it appointed executive level personnel from the Department of Development and Rural Renewal to coordinate all government activities at the regional level. Program activities that had traditionally been delivered from St. John's were moved to the regions. The employees from the Employment Branch of the former Department of Employment and Labour Relations were transferred to the Department of Development and Rural Renewal and served in the regions, thereby ensuring, in the view of the government, that employment programs would be integrated with regional strategic economic plans.[42] The transfer of government employees to the various regions of the province became in itself a means of regional development.

The second 'tried' strategy in the 'New Regional Economic Development' strategy was government's insistence that its role remained one of creating a positive and stimulative business climate in which the private sector would generate sustainable wealth and employment opportunities for the people of Newfoundland and Labrador. Small business development remains a key aspect of the government's rural and regional economic development initiative. The government wanted to ensure that all potentially viable businesses have the opportunity to succeed, and it paid particular attention to assisting small businesses, particularly first-time businesses who have not been able to secure financial guarantees in the private sector. The government realized that 65 per cent of all businesses in the province employed less than five employees, but that the small-business sector had created more than 80 per cent of new jobs in the province since the 1980s.[43] The provincial Department of Industry, Trade and Technology has placed considerable emphasis on attracting new business to the province through a variety of mechanisms, including the introduction in 1995 of the Economic Development and Growth Enterprises (EDGE) legislation, through advertising, participating in trade shows, launching trade missions, and through working with local enterprise to promote locally produced goods and services. Companies with EDGE designation receive a 10-year tax holiday, Crown Land for

a nominal fee, start-up incentives, and a facilitator to minimize with various start-up problems. For example, the Premier's EDGE promotional mission across Canada contributed to AbbaCom Logic locating in Newfoundland, one of 72 companies that was given EDGE status between 1995 and 2001. These companies were also credited with creating more than 1,600 new jobs and investing approximately $190 million in the province in exchange for the provincial investment of $5.1 million in incentives that the government claimed all EDGE companies had received by the end of 2001.[44] The Think Again advertising campaign is designed to dispel negative myths which leading Canadian decision makers may have about Newfoundland and Labrador.[45] This national campaign is phase one of a marketing plan designed to demonstrate that Newfoundland and Labrador is the right place for business, and a strategy to reinvent the way people perceive the province and how Newfoundlanders and Labradorians see themselves. The Department of Industry, Trade and Technology is also involved in various trade shows and trade missions designed to promote the province and increase opportunities for Newfoundland and Labrador companies.[46] Again, this is nothing new and is a strategy followed by most of the other provinces as well, though there has been no independent analysis of these programs to measure their effectiveness. In many ways, the government was following the models that were developed elsewhere,[47] though the increasing emphasis on the tourist industry in rural Canada is an attempt to capitalize on the growing concern Canadians, especially those living in urban areas, have with the need to protect the richness of the ecosystem which automatically leads to the protection of rural Canada.[48]

Much of the political rhetoric surrounding these initiatives stressed the fundamental change that was occurring and created a 'new vision' for the province. Premier Brian Tobin dreamed of the province 'reinventing' itself. His successor, Roger Grimes talked of people of the province as "pioneers all over again" when the province had to recover from the failed fishery. This suggests that rural Newfoundland was doing fine before the collapse of the groundfish stocks. This was not the case. Yet, he continued to ask people to put old ways and approaches aside for the greater good of the province, telling them that success will come when "we adopt, as our own, a new way of working and thinking."[49] Yet, the *Final Report on the Renewal Strategy for Jobs and Growth*, released in March 2001, was not remarkably innovative or new.[50] In outlining its five key building blocks necessary to give the province a strong, sustainable, and vibrant economic foundation for long-term growth, Beaton Tulk, then Deputy Premier and Minister of Industry, Trade and Rural Development, said the province had to capitalize on strategic new opportunities for growth in traditional industries, such as the fishery; in maturing industries, such as tourism; and in emerging new industries, such as information technology. It reiterated the long-held view that government has a major role to play as a catalyst for growth in strategic areas, though it must focus on opportunities that have the greatest potential for success. Yet, it must be the private sector that drives the economy, with government providing an environment conducive to success and growth. As is the trend everywhere, the government stressed its commitment to education and training of the province's youth. And, the rhetoric from government continues to stress that its approach to economic development requires effective partnerships between government, the private sector and communities and that it wants to "increase the capacity of communities" to foster and encourage social and economic growth.

Although it is beyond the scope of this paper to investigate in any systematic manner the accomplishments of the 20 regional economic zones, some observations are possible. Each

zone has a board of directors, composed primarily of business people and those involved in the rural development sectors. Moreover, it seems that men are over-represented on the boards. Several other observations can be made:

- each zone has a strong focus on tourism.
- not all zones have strategic plans, though most do have some sort of mission statement or primary objectives.
- they all provide contact information and invite people to contact them.
- all but one have websites which provide useful descriptive information and include links with the province and federal agencies but do little else.
- most of the websites are poorly maintained and clearly not updated regularly.

In sum, the regional boards have quite a challenge in reviving rural Newfoundland. It is not at all obvious that the boards have the necessary capacity, or knowledge and resources, to meet the challenges placed before them. Most seem to be focussed on economic development rather than community or regional development. By this, I mean that the preoccupation is with attempting to create employment opportunities in the individual communities, and there is little evidence of any attempt to create 'clusters', one of the new models for economic development. Attracting any industry will be a difficult task for small communities with limited or no capital, except what is available through government and its agencies. The zonal boards do not appear to be addressing the issue of investment for local firms beyond what grants are available from government sources.

What is required in community development and community economic development is a plan that builds on the organization and partnerships within the community and that addresses the social, cultural, and environmental needs of the community as well as the economic ones. Although it is not discussed in this paper, this approach would be akin to the province's Strategic Social Plan that calls for a holistic bottom-up approach that promises to integrate social and economic as well as environmental concerns as a means to integrate social and economic development in the province.[51] Yet, it is not evident that the zonal boards are connected to key interest groups, such as the business people, in the communities, nor is it clear that they are building on the existing strengths within the communities. Many of those involved in the zonal board as directors and staff are often the 'new kids' on the block, and seem to doing what government expects them to do. The community, or the region, must understand fully its strengths, its weaknesses, the opportunities and the threats. Elsewhere, this has been known as SWOT Analysis, and a similar type of analysis must be adopted by the communities before they can move forward. The communities must be clear on how they see themselves, must recognize their weaknesses as well as their strengths, and must be willing to embark on the changes that are inevitably necessary to achieve success. In some cases – perhaps in many cases – communities might realize that their future is likely to be bleak. It is simply wrong and misguided to think that simply because governments and rural experts start talking about empowering communities that this will inevitably lead to economically sustainable communities in Newfoundland. If only it were that simple! All of the communities that have relied on fishing for generations, and have been devastated by the collapse in the fishery, cannot simply start over and thrive. To do so, they need real support and not empty rhetoric. Even with high levels of support, some will simply not survive another generation.

A recent study in Ontario might also be instructive for the Newfoundland experience. David J.A. Douglas and Sanda J. Chadwick from the School of Rural Planning and Development at the University of Guelph undertook an integrated analysis of the changing municipal and community roles and practices in a study titled 'Toward More Effective Rural Economic Development in Ontario' in October-November 2000. What they uncovered for Ontario is rather alarming, given that the New Rural Economy initiative and other 'innovative' measures are demanding that local control is the first condition for effective rural development. Douglas and Chadwick argued that the local economy was central to community survival and quality of life, and that the rural municipal governments will have to play an important role in economic development. They attempted to assess what capacity rural municipalities have to play the role increasingly assigned to them. They concluded that "local economic development is not universally practiced throughout rural Ontario's municipalities. Where it is, it is usually characterized by a rudimentary level of practice, marked by a dearth of know-how, meagre financial and human resources and a general lack of formal plans. While it may occasionally be espoused as a priority," they wrote, "planning for and implementing local economic development is a minor undertaking in the rural municipality, far removed from the priority and resources accorded to other functions (e.g. public works, parks and recreation)."[52] They painted a distressing picture of the role of municipalities in economic development.

While we have not yet had a similar assessment of the current situation in Newfoundland, Doug House has said that for the new regional development strategy to function properly in that province, it will require a 'concerted' effort at public education about the new approach as well as a plan to mobilize the community effort. This has not happened, and it seems most peculiar – and perhaps misguided – that the government is investing so much in the new regional approach to development without assessing the capacity within the communities to meet the challenges thrown at them. Given the magnitude of recent out-migration, and the consequent depopulation of rural Newfoundland, many of the young and energetic people have simply vacated the local communities, taking with them much of the energy and vitality that have traditionally sustained rural Newfoundland. When rural citizens across Canada were probed on citizen engagement and participation in the Rural Canadians Survey, commissioned by the Canadian Rural Partnership in March 2001, there were some disturbing results from Atlantic Canada. The survey found that residents from the Atlantic Provinces were more likely than other Canadians *not* to participate in public opinion surveys and discussion groups if the Canadian government were to seek their views on rural issues. However, on a whole, rural Canadians are interested in being consulted and involved in the decision-making process, and about two-thirds of respondents (65 per cent) said that they would like the Government of Canada to do more in their region in community capacity building. In the Atlantic provinces, the respondents were more likely to think that the Government of Canada should help community groups plan together to develop their community (83 per cent), community groups work together on programs and projects for their community (86 per cent), develop projects to recruit new community leaders and keep existing leaders (75 per cent), and build community networks to help communities determine their future directions (84 per cent). Women were more likely to think that the Government of Canada should help community groups plan together to develop their community (78 per cent) than the men who were polled.[53] We need a survey that delves into those questions in Newfoundland and Labrador.

One must also wonder if there should be only one model for rural development in Newfoundland. By adopting the one-model-fits-all approach and trying to impose it on all of the province, there is an obvious risk that if the model is shown later not to have worked particularly well, then all of the province suffers. A much better approach would be a variety of models that best suit the needs of particular regions to get rid of the cookie-cutter approach to regional development that we have tried for more than a generation. Perhaps most disturbing of all is that the regional approach to rural development in essentially the government's approach, and because it has been so aggressively, and effectively, pushed by governments, even other reasonable and alternative approaches have been largely dismissed.

Going Forward

Newfoundland and Atlantic Canada are not alone in dealing with underdevelopment in rural areas. In fact, this is an issue that confronts – and has confronted – all of Canada as well as the United States and, indeed, many other nations. It is, quite simply, an international issue. We have to be careful in assessing the effectiveness of rural and regional development strategies because, while there are many instances of failure in government policies, people living today in rural areas are better off than they were 50 years ago. Yet, rural and regional development has proven a difficult nut to crack. Various strategies that have focussed on the resource sector, on the subsidization of industries, on the piecemeal approach, and even the integrated regional strategies, have not brought long-term economic growth to most of rural Canada.

Today, the focus is shifting once more everywhere. The current trend is towards 'place-based development.'[54] Simply put, this means that rural policy must focus on a particular place. Any strategy to revive rural areas must begin with the assets, aspirations, and challenges of the place to be developed. This approach insists that the policy or set of policies for development must be driven by the citizens, institutions, and government of that particular place. Moreover, in this strategy the policies must be holistic and comprehensive, focussing on the social, cultural and environmental well-being of the place as well as the economic. At one point, it was the belief of rural development specialists that the various levels of government must provide the environment to attract industry to rural areas, the emphasis has shifted in this new 'place-based' approach. Now, the belief is that the federal and provincial or state governments must provide an environment in which local development initiatives can take place. This might mean, some, such as David Freshwater and Eric Scorsone at the University of Kentucky, have argued that governments provide support (both financial and technical) but give local people the regulatory and fiscal flexibility to craft solutions that fit their particular place. In Newfoundland, this might mean giving regions control of the resources – in the case of the fisheries – in the waters near the communities. The goal, of course, is to build the capacity that rural places need in order to develop in ways that benefit themselves. An important part of the 'place-based approach' must be accountability. Local place-based efforts will and should be held accountable not only for obeying the law in environmental regimes, for instance, but also for ensuring that the development effort is inclusive—soliciting and incorporating the participation of all people in the place regardless of class, race, or whether they are part of the 'in' crowd; that the effort does not destroy the environmental, social, and cultural assets of the region; and, that it does not infringe on the rights of other places as they seek to develop. Moreover, regions have become important in rural development.

Europe has been wrestling with its rural problems for decades, and, in many ways, it has been a leader in the field.[55] Beginning in 1990, the European Commission launched the Leader Initiative. Financed jointly by member states and the European Community, this is a programme to promote community initiative for rural development through a process that focuses on rural empowerment. The LEADER Community Initiative programme has enlisted the capacity of the countryside to modernise and invent. In terms of methodology, LEADER has unquestionably helped spread a particular type of facilitation and rural development strategy, based on seven major components: enhancing the local potential, the establishment of a territorial strategy, the

bottom-up approach, the decentralised and complete management of funding, the integrated or multi-sectoral approach, the horizontal and private-public partnership and networking.

Yet, the new approach also insists that rural issues cannot be left entirely to rural people; rural policy must be a shared responsibility. While local people play the primary role, the provincial and federal governments also have critical roles to play. Rural citizens will have to work with their urban and suburban friends who continue to outnumber rural people, and are often in control of most governments. For governments to play a role, they will need 'buy-in' from urban and suburban voters. First, rural people will have to articulate why rural areas need a special policy approach that is different from that for all other citizens. It cannot be perceived as complaining and blaming others for their misfortune; rural areas must be able to articulate why their regions are important to the province or nation and how their prosperity will increase the wealth of the nation either economically, socially, culturally or environmentally. Such a proactive approach has been taken in Ontario where the Ontario Rural Council, a forum which brings together those who share a commitment to building strong rural communities and organizations, launched a Rural Campaign in late 2002 aimed at enhancing public perceptions and attitudes about the intrinsic value of rural Ontario. Among the key objectives of the Rural Campaign are: to create an informed and realistic picture of rural Ontario; help decision makers make informed and appropriate decisions; increase rural influence among decision and policy makers. The Council provides a unique and important opportunity for multi-sector cooperation within the rural sector, and brings together those who share a commitment to building strong rural communities and organizations.[56]

Another aspect of the 'new' approach is rural entrepreneurship. While there is much hope placed in the social and public entrepreneurship in rural areas, it is an area about which we know little. One way forward might be through the creation of a Centre of Rural Entrepreneurship such as those at Crichton University Campus at University of Paisley in Scotland or at the Danish Centre for Rural Research and Development in Esbjerg, Denmark. There are a number of examples in the United States, as well, including the Centre for Rural Entrepreneurship at the Rural Policy Research Institute at the University of Missouri. The primary goal of each centre is to stimulate and support private and public entrepreneurship development in rural communities. Such centres often provide a clear and direct way to create a national focus on rural entrepreneurship and ensure its growth and success. Most of the centres strive to be practical in their research and provide information that can serve as the basis for developing best practices, and have an aggressive outreach programme to engage the practitioner communities on both the public and private sector sides in creating new approaches to rural economic development.

Of course, Canada is also doing pioneer work in community and rural development. The Community Economic Development Technical Assistance Programme is one such example.[57] It is part of the Centre for the Study of Training, Investment and Economic Restructuring (CSTIER) in the Faculty of Public Affairs and Management at Carleton University, perhaps Canada's leading academic centre on local economic development. CECTAP's mission is to enhance the legitimacy and effectiveness of community-based organizations engaged in community economic development (CED) by supporting activities that will strengthen their capacities and increase the visibility, knowledge, coherence and resources of the CED sector as a whole in cooperation with other organizations with similar interests. A variety of local authorities, community-based networks and not-for-profit organizations have been attempting

to address the lack of adequate employment opportunities and the need for greater social cohesion through job-creation and enterprise development at the community level. CEDTAP's priority is to support initiatives that will generate tangible results in areas such as resource mobilization, asset building, community enterprise development and job creation as well as provide on-going support to groups emerging in the Community Economic Development (CED) sector. It was created in 1997 as a response to the challenges faced by community groups engaged in CED, including geographic isolation and limited access to technical advice and expertise. Between 1997 and 2000, CEDTAP reached nearly 100 communities across the country and it has stated its intention to assist 500 communities across Canada by 2006. The initial funder for phase two is also The J.W. McConnell Family Foundation, whose $5 million grant will be matched through sponsorhips from other foundations, corporations and government. In addition to a widespread lack of financial resources, many of these groups and activities suffer from isolation, a lack of awareness of success stories, and limited access to professional and technical advice in CED. CEDTAP was designed to address the urgent need for capacity development within the sector, by supporting technical assistance, training, documentation of experience and replication of successful approaches. In its current focus on mature CED initiatives, CEDTAP is offering support to the Great Northern Peninsula Development Corporation which has recently developed a local equity investment plan, which would serve as a vehicle to help local groups obtain financing for their business initiatives.

The Great Northern Peninsula and coastal Labrador might be interesting case-studies for rural and economic development in the province. The Great Northern Peninsula Development Corporation was created more than a decade ago to develop an integrated strategy for the area. Yet, when the zonal boards were created, the politicians of the day, including Premier Clyde Wells and Brian Tobin, the federal Member of Parliament for the area, personally intervened to create two boards rather than a single one as was recommended. Still, The GNPDC is currently working to establish a business incubation process for the area. Through this process the Corporation intends to bring a high caliber of expertise to the region as well as create a local equity fund to stimulate business development in the region. Another example of success has been the Labrador Fishermen's Union Shrimp Company Limited in L'Anse au Loup which was created in 1978, when the Canadian Department of Fisheries granted to the communities of southern Labrador fishing licenses to the adjacent resources. Several processing plants were erected in the region, bringing a measure of economic success to the area. Similar arrangements have been negotiated between the Labrador Inuit Association and the Canadian and Newfoundland governments. Under a 1999 agreement, the Labrador Inuit were awarded preferred rights to harvest fish in offshore waters and funds for the development of the fishing resources in the area. This is another example of the resource-adjacent principle where people from the local communities are given access to the resources that exist around them rather than see them developed by interests outside the region. This might well be an important development strategy for a number of regions in the province.[58]

With rural development, there may well be two options. The first is that the rural world has the autonomous capacity to revive itself. This option often coincides with a more inward- looking strategy centred on the quality of life and training of the local people, the mobilisation of local players, and the creation of jobs for the unemployed. For this model to function effectively the funds allocated for job creation must be tied to developing community infrastructure for the longer term. Of course, there are countless examples in Newfoundland

and elsewhere where job creation strategies had no lasting impact. Even so, a large percentage of the population in many communities will continue to need some form of income support for part of the year, and it is imperative that those people who have to be taken care of must work for the betterment of the community. The second option is more outward looking and tends to focus on importing modernity and recognizing the necessity of working with urban regions, although mobilising the local community and rural players is still considered important. It takes the form of economic development programmes for tertiary activities (tourism, cultural heritage, information technologies) or primary activities (agriculture, food industry, fisheries), the marketing and improved quality of agricultural products and crafts, all with urban people in mind. This approach has been adopted in Japan which has an ambitious rural policy rooted in a deep understanding of the symbiosis between rural and urban life. In Japan – as elsewhere in the world – the rural areas supply the water to the cities, and a portion of water tax revenues is put back into rural areas in the form of assistance programs as part of a comprehensive rural policy that compensates those communities for the important ecological services they render to society as a whole.[59] In both Europe and Japan, the rural policy is based on the notion that rural lands are multifunctional. This simply means that rural areas supply all citizens with safe, quality product that are essential for their survival, that citizens in rural areas occupy a territory and are committed to managing the space and preserving the environment and the landscape, and that rural areas provide a social function through contributing to employment and a way of life to the people who live there.[60]

Conclusion

There has been considerable improvement in much of rural Canada since the end of the Second World War no matter what measurement one selects. The living standards of rural Canadians have improved markedly along with that of the rest of Canadians. Yet, much of rural Canada, including the rural parts of Newfoundland and Labrador, continue to struggle economically. Rural Canada, especially those parts away from the urban centres, is experiencing rapid depopulation. This is perhaps most pronounced in Newfoundland and Labrador and Saskatchewan. Many of the policies to deal with the problems of rural Canada have not brought long-term prosperity, and there is no reason to think that the current policies will be much different. Yet, the attempt to empower rural Canada (and rural Newfoundland and Labrador) to find solutions to their own problems might in some ways be the unkindest cut of all if this approach fails to revitalize and preserve the rural economies. By placing the ball firmly in the hands of rural Canadians, the future rests with them and it is up to them to make the most of it. If this approach proves no more successful than earlier attempts at rural and regional development – and there is no evidence to this point to suggest it is – all might be lost for much of rural Canada.

Yet, for all the attention paid to rural and regional development strategies, there has been little coherent debate in Canada about the future of rural areas.[61] As Canadians, we have never asked ourselves what role rural areas will play in the social, cultural and economic growth of a particular province or of the whole nation. For decades, rural and regional development programs were presented simply as short-term measures to help economically depressed regions catch up to the rest of the nation. Politicians in Canada have never talked about a long-term 'special status' for rural areas, nor suggested that the state make special provisions for certain parts of the country that are economically unsustainable but yet, important, to the social and cultural fabric of the nation. Various government programs, such as Employment Insurance programs, were introduced to soften the impact of economic fluctuations, but soon became, in certain parts of the nation, an integral part of the employment cycle and important for the survival of many workers. The chirade of short-term and periodic income support has continued for many years as Unemployment Insurance, for instance, was defended as a temporary measure even though workers in Atlantic Canada came to depend on it year after year. Rural Canada[62] might well need special status and special support, and I suspect few Canadians would argue that 'rural' has no place in Canadian society. Although we have not had such a debate, rural Canada has already achieved special status through the widespread acceptance over the last half century of a series of rural and regional development strategies that have, in many ways, reflected the true values of Canadians. Even with such a tacit nod by most Canadians to government support for Canada's rural and economically depressed areas, rural Canada faces an uncertain future.

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Recommendations

1. If government wants communities and regions of Newfoundland and Labrador to implement strategic plans designed to foster social and economic development, they will have to provide the necessary support to the communities to make success possible. The local citizens will have to be trained in how to recognize their weaknesses, their strengths, their opportunities, and the threats facing them and how to develop strategies to deal with each. The governments cannot simply pursue those initiatives based on empty rhetoric or simply to make citizens fell good because they are being consulted. It should not be assumed that all of the communities in Newfoundland and Labrador will or should survive at any cost to the public purse.
2. Local communities will need much greater support from the educational system than they have received in the past. This is particularly true in the development of entrepreneurial education.
3. The provincial and the federal governments must not provide a single model of economic and social development for the province. Each region or community must be encouraged to explore development models that fit their needs and not be forced into a one-model-fits-all type of approach.
4. Local communities must be encouraged to find local sources of capital, particularly through co-operatives or credit unions in addition to government grants and external capital investment.
5. Governments at all levels must work to limit the rush towards creating tourist attractions all over the province. While some areas will undoubtedly benefit from the tourist traffic, too much of the tourist business is geared towards low-paying and seasonal jobs, even if those jobs do keep some people employed at home rather than in low-paying jobs outside the province. In many ways, tourism has become like the fishery historically – the occupation or industry of last resort: when all else fails, turn to attracting tourists.
6. The federal and provincial governments must consider seriously the resource-adjacent principle and consider ways to allow the regions to develop the resources near their communities for the good of the region. This might be particularly true of the fishing stocks such as shrimp and other high-value species, though it is recognized that this is a controversial issue as many will claim that the resources belong to all of the province and not just to a particular region.

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Endnotes

1. Much as been written about rural and regional development as well as economic development generally. See, Gerald Hodge and Ira M. Robinson, *Planning Canadian Regions* (Vancouver, 2001), Robert J. Brym and R. James Sacouman, *Underdevelopment and Social Movements in Atlantic Canada* (Toronto, 1979), and Ralph Matthews, *The Creation of Regional Dependency* (Toronto, 1983).

2. While rural development is often taken to mean the various government policies designed to improve the employment opportunities, income levels and the general standard of living in rural communities, it can also mean the various transportation initiatives and other public services which are provided for the development of all of Canada. It might also include the various social programs which were designed, in some instances, to raise income levels and the standard of living of all Canadians. This paper merely recognizes that the various social programs and transportation initiatives at both the federal and provincial levels, for instance, have been used as development tools for rural Canada, but it does not attempt to include these in the analysis, except to acknowledge that most of the social welfare benefits have served to raise income and living standards throughout all rural Canada.

3. Much has been written about rural and regional development as well as economic development generally. See, Gerald Hodge and Ira M. Robinson, *Planning Canadian Regions* (Vancouver, 2001), Robert J. Brym and R. James Sacouman, *Underdevelopment and Social Movements in Atlantic Canada* (Toronto, 1979), and Ralph Matthews, *The Creation of Regional Dependency* (Toronto, 1983).

4. This point is discussed in Raymond B. Blake, *Canadians At Last: Canada Integrates Newfoundland as a Province* (Toronto 1994). The book argues that by the late 1950s, bureaucrats in both Newfoundland and Ottawa recognized that there were serious structural problems with the Newfoundland fishery and realized that one way to raise the incomes of fishermen was through social programs. While this did not solve the problems in the fisheries, it did serve to raise the income levels and standard of living of those engaged in the industry.

5. Economics and Statistics Branch, Department of Finance, *Demographic Change: Newfoundland and Labrador Issues and Implications* (April 2002). Despite the tenor of the report, it seems strange that all of the photographs included are from rural Newfoundland.

6. *Demographic Change: Newfoundland and Labrador Issues and Implications*, 6-7.

7. Government of Newfoundland and Labrador, *Demographic Change: Issues and Implications* (St. John's, 2002). In total, the province experienced a 10 per cent decline in its population between 1991 and 2001, but the declines have not been distributed evenly throughout the province: around the tip of the Northern Peninsula (Nordic Economic Zone), a 21.5 per cent decline; the area around Port-aux-Basque (Marine and Mountain Zone), a 22.4 per cent decline; the southern Avalon region (Avalon Gateway and Irish Loop), a 20 per cent decline.

8. See David Wolfe, 'The Rise and Demise of the Keynesian Era in Canada: Economic Policy, 1930-1982,' in Michael S. Cross and Gregory S. Kealey, eds., *Modern Canada, 1930-1980s* (Toronto 1984).

9. Royal Commission on Canada's Economic Prospects (Ottawa 1957), 401-13.

10 Royal Commission on Canada's Economic Prospects (Ottawa 1957), 401-13.

11. E.R. Forbes and D.A. Muise, *The Atlantic Provinces in Confederation* (1993), especially 349-459.

12. See, Kenneth Norrie, Douglas Owram, and J.C. Herbert Emery, *A History of the Canadian Economy* (Toronto 2002).

13. See, *Report of the Royal Commission on Maritime Claims* (Ottawa1926) and E.R. Forbes, *The Maritime Rights Movement, 1919-1927: A Study in Canadian Regionalism* (Montreal, 1979).

14. See Harvery N. Lethwick, 'Regional Development Policies: Context and Consequences,' in William J. Coffey and Mario Polese, eds., *Still Living Together. Recent Trends and Future Directions in Canadian Regional Development* (Montreal 1987), 126.

15. See Brett Fairbairn, 'A Preliminary History of Rural Development Policy and Programmes, 1945-1995,' (New Rural Economy),14.

16. Anthony C.S. Careless, *Initiative and Response. The Adaptation of Canadian Federalism to Regional Economic Development* (Montreal, 1977), 110.

17. This was later changed to Agricultural and Rural Development Act, though still known as ARDA.

18. See, T.N. Brewis, *Regional Economic Policies in Canada* (Toronto, 1969),122-32.

19. There is a rich literature on the underdevelopment of Atlantic Canada. One of the best reviews of that literature can be found in Eric Sager, 'Dependency, Underdevelopment and the Economic History of the Atlantic Provinces,' *Acadiensis* 17 (1) (Autumn 1987): 117-36.

20. Donald Savoie, *Regional Economic Development. Canada's Search for Solutions* (Toronto, 1986), 24-6. Newfoundland was not included as one of the regions.

21. See Janine Brodie, *The Political Economy of Canadian Regionalism* (Toronto 1990).

22. See Brodie, *The Political Economy of Canadian Regionalism*, 156 and Fairbairn, 'A Preliminary History of Rural Development Policy and Programmes, 1945-1995,' 14.

23. On this point, see Paul Phillips, 'A Post-Mortem on Regional Policy in Canada,' *Acadiensis* (21) (1) (Autumn 1991):191-99. Throughout the 1960s, the federal gov't also sought to develop human resources. It set up manpower training as well as mobility schemes. The Technical and Vocational Training Assistance Act (TVTA) called for agreements to be signed with each province for technical training of youths or for adult re-training. Essentially, the agreements enabled provincial governments to construct training and

vocational schools, as well as to develop new manpower training and upgrading courses. The federal government followed with another manpower development initiative – the Occupational Training Act (OTA). This act included both manpower training and mobility measures designed to deal with the country's structural unemployment.

24. For a detailed discussion for regional development in the 1960s and 1970s, see Donald J. Savoie, *Regional Economic Development. Canada's Search for Solutions* (Toronto,1986).

25. Clyde Weaver and Thomas I. Gunton, 'From Drought Assistance to Megaprojects: Fifty Years of Regional Theory and Policy in Canada,' *The Canadian Journal of Regional Science* 5 (1): 2-37.

26. Weaver and Gunton, 'From Drought Assistance to Megaprojects: Fifty Years of Regional Theory and Policy in Canada,' Brodie, *The Political Economy of Canadian Regionalism*, and Fairbairn, 'A Preliminary History of Rural Development Policy in Canada, 1945-1995.

27. See T.N. Brewis, *Regional Economic Policies in Canada* (Toronto, 1969), 92-4.

28. On this point, see James Bickerton, *Nova Scotia, Ottawa, and the Politics of Regional Development* (Toronto 1990).

29. For a fuller discussion, see Thomas Courchene, *Equalization Payments: Past, Present, and Future* (Toronto, 1984), and Ralph Mathews, *The Creation of Regional Dependency* (Toronto, 1983).

30. Donald J. Savoie, 'Rural Redevelopment in Canada: The Case of Northeast New Brunswick,' *Journal of Rural Studies* 5 (2): 185-97. For a discussion of regional development initiatives, see Donald Savoie, *Regional Economic Development, Canada's Search for Solutions*. Second Edition (Toronto, 1992).

31. *Atlantic Community Vision - Volume 2 - Issue 2 / Spring 2002.*

32. An electronic version of the Throne Speech can be found at: www.sft-ddt.gc.ca/sft.htm

33. J.D. House, 'The New Regional Development: Is Rural Development a Viable Option in Newfoundland and Labrador,' *Newfoundland Studies* 17 (1) (2001): 11-31.

34. See, Noel Iverson and D. Ralph Matthews, *Communities in Decline: An Examination of Household Resettlement in Newfoundland* (St. John's, 1968), Richard Gwyn, *Smallwood. The Unlikely Revolutionary* (Toronto, 1972), and Doug Letto, *Chocolate Bars and Rubber Boots: The Smallwood Industrialization Plan* (Paradise, Newfoundland, 1998).

35. See, Economic Council of Canada, *Newfoundland From Dependency to Self-Reliance* (Ottawa, 1980), 22.

36. *Community Matters: The New Regional Economic Development*. Report of Task Force on Community Economic Development, St. John's, 1996.

37. House, *Against the Tide: Battling for Economic Renewal in Newfoundland and Labrador*, 6-7, 109

38. Much of what follows comes from publications from The Center for Rural Entrepreneurship at the Rural Policy Research Institute (RUPRI) National Research & Policy Center with major support from the Kauffman Center for Entrepreneurial Leadership (KCEL) within the Ewing Marion Kauffman Foundation of Kansas City. The Center is an outgrowth of the Rural Entrepreneurship Initiative formerly supported by KCEL, the National Rural Development Partnership, Partners for Rural America and the Nebraska Community Foundation. For more information on RUPRI, KCEL, the Rural Entrepreneurship Initiative or the Center visit www.ruraleship.org. *RUPRI Rural Equity Capital Initiative: Fund for Rural America Study of Nontraditional Venture Capital Institutions, Final Report*. Rural Policy Research Initiative at the University of Missouri, 2001.

39. House, *Against the Tide: Battling for Economic Renewal in Newfoundland and Labrador*, see Chapter 9, 'Attempted Coup and New Regional Economic Development'.

40. House maintains that he and the Commission were agents of change. For instance, the ERC wanted to use modern telecommunications and technology as a means of rural development – an initiative he considered progressive. Still, not surprisingly, House maintains that the ERC idea and philosophy has been adopted by the provincial government in its recent approaches to rural development. Dr. House has documented the work of the Commission in a recent book/autobiography from the University of Toronto Press. Not surprisingly, he lauds what he calls 'an integrated approach to balanced social and economic development' that the Commission adopted as it model. He admits that the ERC enjoyed some success, but it did not reach its goal of strengthening the provincial economy to ensure a prosperous future for its citizens. Even with this assessment, Professor House may be giving the Commission too much credit. He claims that the ERC was "undermined by the workings of government itself." He clearly lays the blame for the difficulties of the Commission at the feet of the "provincial bureaucracy, led by a powerful group of senior public servants that [House] refers to as the Old Guard [who acted] as a control apparatus that systematically resists change, undermines the innovative efforts of agencies such as the ERC, and [who was] highly successful at inducing successive political elites (Premiers and Ministers) ... to support its [the Old Guard's] approach." The Old Guard within government, he maintains, was a "powerful conservative force that perpetuates dependency." Moreover, in House's view, it "impeded efforts at transforming Newfoundland and Labrador from a transfer-driven to a flourishing market-driven economy." In fact, House claims that the provincial officials remained committed to the "urban-industrialized model of economic development that had been pursued so vigorously by Premier Joseph Smallwood in the fifties and sixties, and many had supported the Smallwood government's resettlement scheme for small communities," even though Smallwood had been defeated as Premier nearly 20 years earlier. Strangely enough, House notes that the province's rural development movement disagreed with the Royal Commission's recommendation that "The provincial government should establish Regional Development Boards with strong mandates to identify and encourage opportunities for economic development and employment creation throughout every region of Newfoundland," but, despite the opposition, the ERC went ahead and later implemented a community-based variant of this recommendation. See J.D. House, *Against the Tide: Battling for Economic Renewal in Newfoundland and Labrador* (Toronto 1999), especially ix-xi.

41. In August 1998, the Province launched another ambitious initiative, the Strategic Social Plan, which in many ways paralleled the economic strategy. This was yet another attempt to provide a framework for integrating social and economic development as well as better co-ordinate the services delivery to the people. The Plan divided the province into six regions: Northeast Avalon, Avalon, Eastern, Central, Cormack-Grenfell, and Labrador, each with its own steering committees representing regional boards of health, education, and economic development, as well as representatives of federal, provincial, and municipal governments; other agency partners are also represented on the steering committees. The Strategic Social Plan is a new way of working together at the regional level. The framework was developed to reflect a long-term approach to addressing social and economic development, together, on a community and regional basis.

42. Honourable Judy Foote, address to annual meeting of Newfoundland and Labrador Rural Development Council, news release, Government of Newfoundland and Labrador, 13 April 1996.

43. Government news release, 27 September 1996.

44. Government of Newfoundland news release, 11 December 2001 and 2 April 1996.

45. A similar programme was launched in Saskatchewan in late 2002.

46. Government news release, 27 September 1996.

47. See, for example, *Rural Scotland: People, Prosperity and Partnership. The Government's Priorities for the Rural Communities of Scotland*. (Edinburgh, The Stationery Office, 1995).

48. See Bruno Jean, 'Rethinking the Relationship between City and Country: Or Why Urbanities must support Rural Revitalization,' Paper presented at Conference on Rural Canada at the Saskatchewan Institute of Public Policy, November 2001.

49. See, for example, news release, Government of Newfoundland and Labrador, speaking notes for Premier Roger Grimes, 26 October 2001.

50. Government of Newfoundland and Labrador, *Final Report on the Renewal Strategy for Jobs and Growth*. March 2001.

51. See, Government of Newfoundland and Labrador, *SSP Connections. A Bulletin About the Strategic Social Plan*, Volume 1, Issue 1, January 2002 to Volume 1, Issue 5, April 2003.

52. David J.A. Douglas and Sanda J. Chadwick, 'Toward More Effective Rural Economic Development in Ontario.' School of Rural Planning and Development at the University of Guelph October-November 2000. Its findings concluded that: the majority of the smallest municipalities (less than 3,000 population) were not engaged in local economic development; rural municipalities appear to have very little connection or ongoing relationships with another major agent in rural economic development in Ontario, the Community Futures Development Corporations; only 38 per cent of Ontario's rural municipalities have a formal economic development plan in place; local business interests are the dominant public participants in the plan-making process; the vast majority of

rural municipalities actively engaged in local economic development with a very modest or no budget whatsoever; only five per cent of Ontario's rural municipalities have a full-time, designated economic development officer; public participation in the local economic development process, as conducted through rural municipalities, is very modest, conventional and limited.

53. *Canadian Rural Partnership, Rural Canadians Survey 2001*, Report prepared by the Rural Secretariat Research and Analysis Group (Ottawa, 2002).

54. Much of what follows comes from publications from The Center for Rural Entrepreneurship at the Rural Policy Research Institute (RUPRI) National Research & Policy Center with major support from the Kauffman Center for Entrepreneurial Leadership (KCEL) within the Ewing Marion Kauffman Foundation of Kansas City. The Center is an outgrowth of the Rural Entrepreneurship Initiative formerly supported by KCEL, the National Rural Development Partnership, Partners for Rural America and the Nebraska Community Foundation. For more information on RUPRI, KCEL, the Rural Entrepreneurship Initiative or the Center visit www.ruraleship.org. *RUPRI Rural Equity Capital Initiative: Fund for Rural America Study of Nontraditional Venture Capital Institutions, Final Report*. Rural Policy Research Initiative at the University of Missouri, 2001.

55. *LEADER Magazine* n. 25 - Winter 2000/ 2001.

56. www.torc.on.ca

57. http://www.carleton.ca/cedtap/home/index_e.html

58. Indian and Northern Affairs Canada, Backgrounder, 'The Labrador Inuit Comprehensive Claim,' 25 June 2001.

59. See Bruno Jean, 'Rethinking the Relationship between City and Country: Or Why Urbanities must support Rural Revitalization,' Paper presented at Conference on Rural Canada at the Saskatchewan Institute of Public Policy, November 2001.

60. See Bruno Jean, 'Rethinking the Relationship between City and Country: Or Why Urbanities must support Rural Revitalization,' Paper presented at Conference on Rural Canada at the Saskatchewan Institute of Public Policy, November 2001.

61. Nearly 80 per cent of Canada's population lived in urban areas according to the 2001 Census Canada data, compared with only 30 per cent a century earlier. The dramatic decline in the rural population has had a profound impact on the way rural Canadians view themselves as well as the attitude of governments and urban citizens towards rural people and the issues they confront. Not surprisingly, rural citizens have been marginalised and rural issues have long ceased to be at the centre of public policy decisions.

62. Moreover, rural is no longer easy to define. Those people who live near the larger metropolitan centres are a different 'rural' people than those who live in the remote communities. They also face a different set of issues than their rural brethren near the major urban areas. Similarly, there has been a remarkable change in the role that rural areas play in the Canadian economy. While the resource industries remain decidedly rural, both farming and fishing – the two economic activities most associated with rural Canada

– must seem to most urban folks to be in perpetual crisis, though urban Canada continues to express some empathy with their fellow citizens dependent on these sectors for their livelihoods.

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